

ORIGINAL

OPEN MEETING



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MEMORANDUM

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Arizona Corporation Commission

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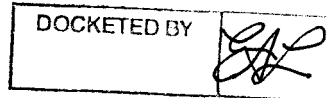
2013 OCT 22 P 2:06

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: October 22, 2013



RE: MOHAVE ELECTRIC COOPERATIVE, INC. - APPLICATION FOR APPROVAL  
OF NET METERING TARIFF UPDATED ANNUAL AVERAGE AVOIDED COST  
(DOCKET NO. E-01750A-13-0249)

Background

On July 12, 2013, Mohave Electric Cooperative, Inc. ("MEC") filed an application for approval to update the avoided cost that is contained in its Net Metering Service Tariff (Schedule NMS). MEC's Net Metering Service Tariff was originally approved by the Commission in Decision No. 71461 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 73515 (October 4, 2012).

Net Metering allows electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by MEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by MEC during subsequent billing periods.

For the last billing period of the calendar year (or for a customer's final bill upon discontinuance of service), MEC credits the customer for the balance of any remaining excess kWh. The payment for the purchase of these excess kWh is at MEC's annual average avoided cost, which is specified on the Net Metering Service Tariff. A.A.C. R14-2-2302(1) defines avoided cost as "the incremental cost to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

MEC's Net Metering Service Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by MEC's wholesale power suppliers during the 12-month period. MEC is required to file its updated avoided cost calculations with the Commission no later than July 15 of each year. This updated avoided cost, after approval by the Commission, would become effective on December 1.

MEC's current approved avoided cost rate is \$0.0338 per kWh. With increased purchased power expense, MEC proposes that the rate be raised to \$0.0406 per kWh. Staff has reviewed

MEC's purchased power expense that resulted in this \$0.0406 per kWh rate and confirms that the proposed rate reflects MEC's avoided cost.

**Recommendations**

Staff recommends that MEC's avoided cost be approved at \$0.0406 per kWh, effective December 1, 2013.

Staff further recommends that MEC be required to file, with Docket Control, a revised Net Metering Service Tariff in compliance with the Decision in this case within 15 days of the effective date of the Decision.



Steven M. Olea  
Director  
Utilities Division

SMO:JJP:sms\CHH

ORIGINATOR: Jeffrey Pasquinelli

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2   BOB STUMP

Chairman

3   GARY PIERCE

Commissioner

4   BRENDA BURNS

Commissioner

5   BOB BURNS

Commissioner

6   SUSAN BITTER SMITH

Commissioner

7  
8   IN THE MATTER OF THE APPLICATION   )  
9   OF MOHAVE ELECTRIC COOPERATIVE,   )  
10  INC. FOR APPROVAL OF NET METERING )  
11  TARIFF UPDATED ANNUAL AVERAGE   )  
12  AVOIDED COST.                        )

DOCKET NO. E-01750A-13-0249

DECISION NO.

ORDER

12   Open Meeting  
13   November 13 and 14, 2013  
14   Phoenix, Arizona

14   BY THE COMMISSION:

15                                   **FINDINGS OF FACT**

16           1.     Mohave Electric Cooperative, Inc. ("MEC") is certificated to provide electric  
17   service as a public service corporation in the State of Arizona.

18           2.     On July 12, 2013, MEC filed an application for approval to update the avoided cost  
19   that is contained in its Net Metering Service Tariff (Schedule NMS).

20           3.     MEC's Net Metering Service Tariff was originally approved by the Commission in  
21   Decision No. 71461 (January 26, 2010) and most recently revised with updated avoided costs in  
22   Decision No. 73515 (October 4, 2012).

23           4.     Net Metering allows electric utility customers to be compensated for generating  
24   their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the  
25   customer's energy production exceeds the energy supplied by MEC during a billing period, the  
26   customer's bill for subsequent billing periods is credited for the excess generation. That is, the  
27   excess kWh generated during the billing period is used to reduce the kWh billed by MEC during  
28   subsequent billing periods.

1           5.       For the last billing period of the calendar year (or for a customer's final bill upon  
2 discontinuance of service), MEC credits the customer for the balance of any remaining excess  
3 kWh. The payment for the purchase of these excess kWh is at MEC's annual average avoided  
4 cost, which is specified on the Net Metering Service Tariff. A.A.C. R14-2-2302(1) defines  
5 avoided cost as "the incremental cost to an Electric Utility for electric energy or capacity or both  
6 which, but for the purchase from the Net Metering facility, such utility would generate itself or  
7 purchase from another source."

8           6.       MEC's Net Metering Service Tariff provides for the annual average avoided cost to  
9 be determined by the average wholesale fuel and energy cost per kWh charged by MEC's  
10 wholesale power suppliers during the 12-month period. MEC is required to file its updated  
11 avoided cost calculations with the Commission no later than July 15 of each year. This updated  
12 avoided cost, after approval by the Commission, would become effective on December 1.

13           7.       MEC's current approved avoided cost rate is \$0.0338 per kWh. With increased  
14 purchased power expense, MEC proposes that the rate be raised to \$0.0406 per kWh. Staff has  
15 reviewed MEC's purchased power costs that resulted in the \$0.0406 per kWh rate and confirms  
16 that the proposed rate reflects MEC's avoided cost.

### 17       Recommendations

18           8.       Staff has recommended that MEC's avoided cost be approved at \$0.0406 per kWh,  
19 effective December 1, 2013.

20           9.       Staff has further recommended that MEC be required to file, with Docket Control, a  
21 revised Net Metering Service Tariff (Schedule NMS) consistent with the Decision in this case  
22 within 15 days of the effective date of the Decision.

### 23                       CONCLUSIONS OF LAW

24           1.       Mohave Electric Cooperative, Inc. is an Arizona public service corporation within  
25 the meaning of Article XV, Section 2, of the Arizona Constitution.

26           2.       The Commission has jurisdiction over Mohave Electric Cooperative, Inc. and over  
27 the subject matter of the application.

28           3.       Approval of the updated Net Metering Service Schedule NMS does not constitute a

1 rate increase as contemplated by A.R.S. Section 40-250.

2 4. The Commission, having reviewed the application and Staff's Memorandum dated  
3 October 22, 2013, concludes that the updated Net Metering Service Tariff (Schedule NMS) should  
4 be approved as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Mohave Electric Cooperative, Inc.'s avoided cost is approved at \$0.0406 per kWh, effective December 1, 2013.

IT IS FURTHER ORDERED that Mohave Electric Cooperative, Inc. shall file, with Docket Control, a revised Net Metering Service tariff consistent with this Decision within 15 days of the effective date of the Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMANCOMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, Jodi Jerich Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

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Jodi Jerich  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:JJP:sms\CHH

1 SERVICE LIST FOR: MOHAVE ELECTRIC COOPERATIVE, Inc.  
2 DOCKET NO. E-01750A-13-0249

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